THE EFFECT OF PRICE PERCEPTION AND PRODUCT QUALITY ON PURCHASE DECISION
(RESEARCH ON BRAND NEW IPHONE)

By:
LALA NAILA
135020207121023

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Lala Naila

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CHAPTER I

INTRODUCTION

1.1 Background of the study

The development of internet and technology has already changed human's behavior and lifestyle significantly. Electronical devices like smartphones, tablets, and e-book reader available everywhere we need them to be used in every activity and to do certain tasks. In particular, smartphones have already been known as a connection to a unique social media. Based on Gartner, Inc., the estimated selling number of smartphone device can reach up to 2.5 billion units in 2015, and it will continue afterward. (Gartner, 2015).

The appearance of sophisticated products for the last few years 'affects the behavior of consumer in the way they are doing a purchase as consumers projected in future will need technology like smartphones at this time.

In the way of choosing product that the consumer will buy, lifestyle and behavior to search for information on the related product will give influence on which product they prefer to buy which is called as buying decision. This purchase is affected by individual interaction, product and situational characteristic. Learning consumer behavior towards process of decision making is crucial as consumers are less likely able to consider results of information they get and evaluate on other alternative. If they reach this stage, consumers get more emotional and they can reach their critical blindness where they will be obsessed to buy the product. Process of buying decision is a basic

psychological process which has an important role in understanding how consumer for real can make a buying decision (Kotler, and Keller, 2009).

Market research company predicted that mobile phone penetration will rise from 61.1% to 69.4% of the global population between 2013 and 2017. As they become more affordable, smartphones or mobile devices are being used for more people. Advances in 3G and 4G networks are also driving demand for mobile applications and value-added services (eMarketer, 2014).

Price perception in affecting willingness is a huge factor. In this case consumers are likely to appraise on a product that has a quality and brings many impacts which are caused by a price. Price influences consumer's perception about the product, also affects consumers' views about the product itself. In other words, price is a critical aspect of product when it is ready to sell to public. Price can show the value about the product and how much the product worth's.

Quality on the other hand will affect the price of products in production. In this quality consumers will make a decision after they look at the offered price. This quality will also make the consumers decide whether to buy again or not. The quality of product can be seen from the durability of a product, how long the period for the product to keep functioning and also the material that can be seen from it. The quality of the product can lead to a sales competition in terms of satisfying what consumers want.

A critical condition of customer in term of quality also forces company to maintain and improve its product quality in order to avoid claims or dissatisfaction and to compete with other companies as the competitor. Only a

company with a good quality will grow rapidly and in the long run the company will be better than other companies because keeping a product quality is a potential strategy to beat competitors (Kotler, and Armstrong, 2012).

The quality of the product is an ability of the product that can fulfil the need or what consumer want. The attention of quality of the product now come into attention because of the complaints regarding poor quality product from consumer. The appliance of quality of product will affect product image for a long term. Product quality is the ability of a product to perform its functions including reliability, accuracy of ease of operation and repair as well as other valuable attributes.

Brands will strongly influence consumers attitudes in deciding purchase and also value that they feel they can. Brands can continue to live as long as there is an innovation in the perception that is always grown in the society by using a good marketing system because customers will tend to choose a more famous brand like Apple. Price and quality are main aspects to keep product competitive with competitor's product so maintaining a good quality will make a good brand image in a long run.

Meanwhile Price perception and product quality are both huge factor to make customer decide and make a purchase decision. Purchase Decision is a willingness to purchase or it is defined as a buying decision toward purchasing product or service. price and product quality tend to be an influential factor in mobile phone purchase. According to Karjaluoto (2005) price, brand, interface, and properties tends to have the most influential factors affecting the actual choice amongst mobile phone brands.

Tighter competition requires a company to maintain its sustainability one of which is done by maintaining its customers. This can be done by implementing subjective perceptions to consumers when consuming goods. Consumers will show their behavior after a perception of what decisions will be taken in buying a product. Perception does not only depend on physical stimulation, but also on the stimuli associated with the surrounding environment and individual circumstances. Brand perception is important because it involves brand reputation and credibility which then becomes the "guideline" for consumers to try or use a product that leads to a brand experience that will determine whether the consumer will become a brand loyalist or simply opportunist (easily move to another brand). Consumers who have a positive perception of a brand will be more likely to make purchases or repeat purchases. Perception is a process by which we choose, organize, and translate information inputs to create meaningful world images (Kotler, and Keller, 2009).

iPhone is a smartphone device made by Apple Inc. which uses iOS as an operating system. Since iPhone 3G was launched in 2007, until now the latest iPhone is iPhone7was launched in 2016 which runs for iOS 10.3.2. Unlike other devices, this iPhone is now running using android as the operational system as iOS only runs for iPhone. This makes iPhone product is different and it tends to be exclusive.

Recent news in 2017 regarding published Apple's earnings, released this week mentioned that the company reported its selling for 78.3 million iPhones, higher than Wall Street's forecasts of 76.3 million in the holiday quarter. Strategy's report puts this figure into further context, saying that Apple

captured just under 18 percent of the smartphone market in the quarter, rising 5 percent from the 74.8 million units shipped over the same period last year. “This was the iPhone’s best performance for over a year, as Apple capitalized on Samsung’s recent missteps. Samsung shipped 77.5 million smartphones worldwide in Q4 2016, dipping 5 percent annually from 81.3 million units in Q4 2015,” said Neil Mawston, Executive Director at Strategy Analytics, in a statement. (Tech Crunch, 2017)

Samsung captured 17.7 percent market share in Q4 compared with Apple’s 17.8 percent, which make Apple leads the market again, if only slightly. Samsung’s market share, which resulted in a 21 percent share for the full year, was its lowest level since 2011, he also said. However, on an annualized basis, Samsung maintained first position with 309 million units shipped worldwide in 2016. (Tech Crunch, 2017). (Figure 1.2 in appendix)

Malang city is one of the biggest city in East Java, it brings also a lot of new comers to Malang because this city is known for its good environment to study, these new comers come across all Indonesia especially a student from another city. For this year there are 149,799 people applied to study in universities in Malang (Radang Malang, 2017).

This situation triggers those consumers to fill this city market. This chance can be seen of vendors as people love Apple brands because of its exclusivity, and its brand image on social lifestyle.

Price perception is an expectation/impression to a product. Price perception put into a marketed product used as a strategy in the market selling. An impression of a product can be triggered to be a purchase decision for

consumer, this price perception can control emotionally about their perception to a product if a company use a strategy to control their product's price perception.

While product quality is an aesthetic design/durability of product. Product quality is the main reason consumer keep buying the product more than once, or can be one of the reason, even the design is not looking great consumer will still buy of the durability of product is high. but are consumer still buying an iPhone if the quality is good but the price perception of iPhone is relatively high. Even though product quality is the first main reason of selling product according to Kotler, and Keller (2009).

Both variables used in this study are basically the most influencing factor based on Kotler, and Keller (2009) on purchase decision of a product. While iPhone is a sophisticated product price perception and also product quality Apple been put it in their first icon of their product awareness this made researcher wants to evaluate the effect of both price perception and product quality.

This research took place in Malang, especially student of Economic and Business Faculty, Brawijaya Uniersity. The reason this research done in this society because of users of iPhone mostly come from Millennials aged 18-24 based on Nielsen (2017).

Based on that situation, the writer is interested in conducting a research entitled **"The Effect of Price Perception and Product Quality on Purchase Decision (A Research on Brand New iPhone)"**

By doing this research the writer wants to know the Effect of Price Perception and Product Quality towards consumers behavior of brand-new iPhone product. Thus, the result of this research may give an advantage for vendors or reseller to see the effect of price and quality on customer purchase decision when buying an iPhone. Last but not least, this research can be a solution and a good suggestion as well for them in order to maintain the loyal customers.

1.2 Research Questions

Based on the aforementioned background, the research questions for this research are:

1. Are there any given effect of price perception and product quality variable for consumer to make purchase decision on brand new iPhone?
2. Which factor of variable between price perception and product quality gives dominant influence to purchase decision on brand new iPhone?

1.3 Research Objectives

Based on the research questions presented previously, the objectives that the researcher wants to know in this study are as follows:

1. To explain if there are possible effects shown by the consumers on purchasing brand new iPhone.
2. To explain which factor of price perception and quality of product that will give dominant influence on consumer to make purchase decision on brand new iPhone.

1.4 Research Contribution

This research is expected to give positive feedbacks on the quality and price of iPhone products to individuals involved namely iPhone enthusiasts as well as iPhone sellers.

1. Theoretical benefits.
   (1). For further research, this research can be a reference or input for further research related to purchase decision problem which is influenced by quality and price.
   (2). Get a comprehensive picture of price and quality relation with consumer purchase decisions
2. Practical benefits
   (1). This research will give contribution to vendors as suggestion for them to see the preference of purchase an iPhone from consumer perception and indirectly can see consumer interest up till now about iPhone.

1.4.1 Theoretical benefits

The results of this study can provide an overview regarding the phenomena happening in Indonesian consumers world, especially regarding the purchase of consumer demand if they face a well-known product like iPhone and to be a reference for further research.

CHAPTER II

REVIEW OF RELATED LITERATURE

2.1 Product

2.1.1 Understanding of the product

In business, a product is a product or service that can be traded. In marketing, a product is anything that can be offered to a market and can satisfy a desire or need.

In the retailer level, the product is often referred to as a merchandise. In manufacturing, products are purchased in the form of raw goods and sold as finished goods.

Many people think the product is a real offer, but the product can be more than that. Broadly, the product is everything that can be offered to the market to satisfy a desire or need. (Kotler, and Keller, 2009)

The concept of product based on Kotler and Keller in a book Marketing Management state that consumers love products that offer the best quality, performance or innovative features. Managers in this organization focus on creating superior products and constantly update them. But a new product will not be successful if it is not supported by the right price, distribution, advertising and sales. (Kotler, and Keller, 2009).

The great brand core is a great product. Product is a key element in the market supply. Market leaders typically offer high quality products and services that deliver the most superior customer value.

Marketing planning begins by formulating an offer to meet the needs and wants of targeted customers. Customers will rate the offer based on three basic elements: product features and quality, service mix and quality, and price. These three elements must be incorporated into a competitive offer.

2.1.2 Level of products

In planning its market offerings, marketers should look at five levels of products. Each level adds a larger customer value, and all five are customer value hierarchies. Level of product is described as follows. (Kotler, and Keller, 2009). The level of projects slassified by Kotler and Keller are below:

1. At a basic level is core benefits that is the fundamental benefits customers actually buy.
2. On the second level is marketers must turn core benefits into basic products.
3. On the third level is marketers prepare the expected product
4. On the fourth level is marketers prepare augmented product which exceed customer expectations.
5. On the fifth level is potential product which includes all the additional possibilities and transformations that a future product or offer might encounter.

2.1.3 Product Classification

Marketers classify products based on durability, durability, and usability. (Kotler, and Keller, 2009). This classification explained further to focus on understanding on each aspect.

1. Durability and Tangibility

   (1). Products can be classified into three groups, there are:

   (2). *Nondurable goods* are tangible items that are normally consumed in one or multiple times of use.

   (3). *Durable goods* are tangible goods that can normally be used for a long time.

   (4). *Services* are products that are intangible, varied and can be destroyed.

2. Classification of Consumer Goods

   (1). *Convenience goods* are items that consumers often buy immediately and with minimum effort.

   (2). *Shopping goods* are items that are characteristically compared by suitability, quality, price, and style.

   (3). *Specialty goods* have unique brand features or identification where there are enough buyers are willing to make a special purchase effort.

   (4). *Unsought goods* are goods that are unfamiliar to consumers or they are usually unthinkable to buy.

3. Product Quality.

The definition of quality according to the *American Society for Quality Control* quoted by (Kotler, and Keller, 2009), is the totality of features and characteristics of a product or service that depend on its ability to satisfy a stated or implied need. Thus, it can be said that the seller has delivered quality when the product or service fulfills or exceeds the customer's expectations. Companies that satisfy most of their customers' needs at all times are called

qualified companies. Quality is clearly the key to create value and customer satisfaction.

Quality is clearly the key to create value and customer satisfaction. Total quality is everyone's duty, just like the company. Marketers play several roles in helping companies define and deliver high quality goods and services to targeted customers. First, they are responsible for identifying customer needs and demands. Second, they can communicate customer expectations correctly to the product designer. Third, they must ensure customer orders are met correctly and on time. Fourth, they must ensure that customers have received proper instruction, training and technical assistance in the use of the product. Fifth, they must keep in touch with customers after the sale to make sure the customer is satisfied and remain satisfied. Sixth, they must collect customer ideas for product improvement and Service and convey the idea to the right corporate departments. If customers do all these activities, they have contributed a lot to total quality management and customer satisfaction, as well as to the profitability of customers and companies. (Kotler, and Keller, 2009)

Consumers often judge product quality on the basis of the various information cues they connect to the product. Some of these cues are the intrinsic nature of the product, and others are extrinsic. Both singly and combined, these cues provide the basis for the perception of product quality. (Schiffman, and Kanuk, 2008). Product quality consist of:

1. *Performance* is a product performance such as hardware quality (hardware) is good, operating system performance is more optimal, strong signal and, etc.

2. *Reliability* is the reliability of a product, such as the capacity to store large memory, internet browsing speed and so on.
3. *Feature* is a feature available on the product, such as good GPS capabilities, sophisticated camera, and so on.
4. *Serviceability*, a convenience in terms of repair and servicing of products, such as easy maintenance.
5. *Durability,* is the durability of the product, such as how long the durability of the product. Durable products usually become one of the considerations for consumers.
6. *Conformance,* is in conformity with the quality promised, the ad must be in accordance with the real quality.
7. *Esthetic,* the product is made with an attractive design or appearance.

2.4 Price

2.4.1 Understanding the Price

The definition of price as proposed by Kotler, and Keller, (2009) is a marketing mix element that generates income. Price is the easiest element in a marketing program to customize. Prices also consume the intended value positioning of a company's product or brand to the market. Well designed and marketed products can be sold at high prices and generate substantial profits. Prices are set through negotiations between buyers and sellers.

In this case the price is obtained by each consumer can have different values because of consumer's perception difference. Value itself according to the consumer is a comparison between the benefits with the price. If the benefits felt by consumers to a product is greater than the price then the value

of the product is large, and vice versa. Price is a sacrifice in the form of a particular currency made by consumers to get a product with certain quality in accordance with the perceived value.

Price has perception that makes consumer have perception on product, assumptions or expectations. The process of perceptions price is the first aspect to be used which price will always give impressions to consumer, which is why this research use price perception. A price perception is matter most to create expectation and impressions.

2.4.2 Pricing policy

Companies must consider many factors in determining the pricing policy. There are six steps of pricing policy procedure. They are described as follow:

1. First step: Choose pricing goal.

   At first the company decides where the company wants to position its market offerings. The clearer the company's goal, the easier the company sets the price. The five main objectives are survival, maximum current profit, maximum market share, and product quality leadership.

2. Second step: Determine the request

   Each price will lead to different levels of demand and the arena will have various impacts on the company's marketing objectives. The relationship between price and demand is caught in the demand curve.

3. Third step: Estimate the cost

   The request sets a limit on the prices that a company may incur for its product. The cost of setting the bottom brick. The company wants to charge a price that can cover the cost of producing, distributing and selling

the product, including a reasonable rate of return for the business and the risks.

4. Fourth step: Analyze the Cost, Price and Offering Competitors

   In the range of possible prices determined by market demand and company costs, the firm should take into account the cost, price, and possible reactions of competitor prices. Companies first consider the price of their nearest competitor, then evaluate their value to customers.

5. Fifth step: Choose price method

   Here are six pricing methods:

   (1). Mark up pricing: The most basic pricing method is to increase the product cost standard mark-up.

   (2). Set the target-return pricing: The company determines the price it will generate return on target investment (ROI).

   (3). Set perceived value: The value of the assumption consists of several elements, such as the purchasing image of product performance, delivery capability, guarantee quality, customer support, supplier reputation, trust and self-esteem.

   (4). Set value pricing: The company sets the price low enough to offer high quality.

   (5). Set going rate price: Companies base most of their prices on competitive prices, similar prices, more expensive, or cheaper than major competitor prices.

   (6). Pricing on auction type: The main auction objective is to remove excess inventory or used goods.

6. Sixth step: Choose the final step

   The pricing method narrows the range from which the firm should choose the final price. In choosing the price, the company should consider additional factors, including the impact of other marketing activities, the pricing policy of the company, the pricing of the various benefits and risks, and the price impact on the other.

2.4.3 Discount Price

Price discounts are price reductions for buyers who pay their bills on time. (Kotler, and Armstrong, 2012). Any strategy in pricing can be used to attract customers to be interested, this strategy implemented so that consumer consider in the company's product because of the attractiveness of the price.

2.4.4 Set Promotion Pricing

Companies can use some pricing techniques to stimulate purchases:

1. Determination of loss leader

   Supermarkets and department stores often lower the price of famous brands to stimulate more store traffic. This action is feasible if the additional sales revenue compensates for the lower margin on the goods sold. Manufacturers of defeated brands usually object because this practice can damage the brand image and cause complaints from retailers who charge official prices. Manufacturers try to prevent intermediaries from imposing a loss-making pricing by lobbying retail price maintenance laws, but this law has been canceled.

2. Special event pricing

   The seller will set a special price on certain seasons to attract more customers.

3. Cash rebate

   Mobile phone companies offer cash rebates to encourage the purchase of producer products over a period of time. Rebates can help deplete inventory without cutting the stated price.

4. Low-interest financing

   Instead of lowering prices, companies can offer low-interest financing to customers.

5. Longer payment period

   Consumers often are not too concerned about the cost (interest rate) of the loan and more worried about whether they can make monthly payments.

6. Guarantees and service contracts

   Companies can promote sales by adding a free or low-cost guarantee or service contract.

7. Psychological discount

   This strategy sets the price high enough and then offers the product with considerable savings.

2.5 Consumer Behavior

Consumer behavior is the study of consumer decision processes that encourage them to buy and consume products. Consumer behavior is the study of how individuals, groups and organizations choose, buy, use, and how goods,

services, ideas, or experiences to satisfy their needs and wants. (Kotler, and Keller, 2009)

Another theory said that consumer behavior focuses on how people make decisions to use their resources (time, money and effort) on their consumption (what they buy, why they buy products, when they buy products, where they buy products, how often they use the product, how they evaluate the product after purchase, the impact of evaluation on the evaluation on purchasing the product, and how they dispose the product). (Schiffman, and Kanuk, 2008)

The term consumer is often used to describe two kinds of unity of consumption that is individual consumers and consumer organizations. Individual consumers buy goods and services for their own use in each context. Products are purchased for end-use by individuals, called end-use or end-consumers. The second consumer group of organizational consumers includes companies looking for profit or nonprofits, government agencies and institutions that all have to buy various products, equipment and services to run their organizations.

While both groups are important, the study will focus on individual consumers, who buy for personal use. End-use consumption is perhaps the most widespread consumer behavior compared to all other types of consumer behavior because it involves every individual, of every age group and background in the role of a buyer or user or both. (Schiffman, and Kanuk, 2008)

2.6 Purchase Decision

2.6.1 Consumer Purchase Decision Process

The marketing researcher has developed a model of consumer purchase decision process level. The stages in the consumer purchase decision process are listed below by (Kotler, and Keller, 2009):

1. Introduction of the problem

The buying process begins when the buyer is aware of a problem or need triggered by internal or external stimuli. Marketers need to identify the circumstances that trigger a particular need, by gathering information from a number of consumers. Then they can develop marketing strategies that spark consumer's interest.

2. Search for information

Consumers who aroused their needs will be encouraged to seek more information. We can divide it into two levels of stimulation. A lighter information search situation is called strengthening attention. At this level, the person may begin to actively seek information by searching for reading materials, calling, and visiting the store to learn about a particular product.

3. Alternative assessment (Evaluation)

There is no single, simple evaluation process used by all consumers or by one consumer in all purchasing situations. There are several decision evaluation processes, and recent models that view the consumer evaluation process as a cognitive-oriented process. The model assumes that consumers form a highly conscious and rational assessment of the product.

4. Purchase decision

In the evaluation phase, consumers form a preference for the brands that are in the set of choices. Consumers can also form the intention to choose the most preferred brand. In carrying out the intent of purchase, consumers take five sub-decisions namely brand, dealer, quantity, time and method of payment. The consumer decision-making model consists of two kinds of activities after the closely related decision-making that is the buying and evaluation behavior after the purchase. If the customer is satisfied, then he may repeat the purchase. Repurchase usually signifies acceptance of the product. For relatively long-lasting products such as computers, purchases made are likely to signal that the product is well received by consumers.

(1). Trial purchase

When a consumer buys a product for the first time with a smaller amount than usual, this purchase will be considered an experiment. Thus, the purchase of the experiment is an exploratory stage of buying behavior in which consumers attempt to assess the product through direct use.

(2). Repeat Purchase

If a new brand in an established product category based on a trial purchase is felt more satisfactory than other brands, then the consumer may make a purchase. Repurchases usually indicate that the product meets the consumer's consent and that he is willing to use it again in larger quantities.

(3). Post Purchase Behavior

The level of evaluation after purchase by consumers depends on the importance of product decisions and experience gained in using the product. If

the product is functioning as expected, the consumer may buy it again. But if product performance disappoints or does not meet expectations, consumers will look for more suitable alternatives. Thus, in evaluation after purchase, consumers provide feedback such as experience on psychology and help influence related decisions in the future.

In the buying decision stage, consumers form a preference for the brands within the set of choices. Consumers can also form the intention to choose the most preferred brand. In executing the purchase decision, the consumer takes six sub decisions: product, brand choice, dealer options, purchase amount, time of purchase and payment method. (Kotler, and Keller, 2009)

(1). Product selection

Consumers can make a decision to buy a product or use its money for other purposes and consumers can make a decision to buy a particular product form.

(2). Brand choices

Consumers should make decisions about which brand to buy. Each brand has its own differences. In this case the company must know how consumers choose a brand.

(3). Dealer options

Dealer or distribution option is an organizational structure within the company and outside the company consisting of agents, dealers, wholesalers and retailers, through a commodity product or service marketed to facilitate the consumer to make a purchase.

(4). Amount of purchase

Consumers can make decisions about how many products to buy at a time. Purchases made may be more than one unit.

(5). Time of purchase

Consumers can make decisions about when to make a purchase. This problem will involve the availability of money to purchase the product.

(6). Payment method

Consumers should make informed decisions about the method or manner of payment of purchased products, whether in cash or by installments. The decision will affect the decision about the seller and the amount of the purchase.

A model of consumer behavior explained through an image by Kotler and Keller, which it shows how consumer end up buy the product is affected by some aspect. At first there are marketing stimuli and other stimuli that marketing stimuli is part of a marketing strategy which included Product/services, price, distributions and communication. Also, consumer psychology like what motivate them and a perception can make consumer decide to buy the product. In another stimulus, there is consumer characteristic that influenced by culture, social and personal. After all of those background that may affecting their behavior consumer will see an evaluation of alternatives before they buy the product. When consumer already have a decision to buy they will see the choices of product like product choice, brand choices, purchase timing, purchase amount and how they will make a payment.

(Kotler, and Keller, 2009) Figure 2.1 Model of Consumer Behavior by Kotler and Keller in appendix.

2.7 The Influence of Product Quality and Price on Purchase Decision

The marketing activities of a company are a direct effort to achieve, provide information, and persuade consumers to buy and use the product. Feedback to this consumer decision-making process takes the form of a variety of specialty marketing mix strategies that consist of the product itself, pricing policies, promotional efforts and distribution channel selection to move products from manufacturer to consumer.

The job of Marketers is to understand what happens in consumer awareness between the arrival of outside marketing stimuli and final purchase decisions. Four key psychological processes-motivation, perception, learning, and memory-affect consumers fundamentally (Kotler, and Keller, 2009)

2.8 Previous Research

The researcher needs to discuss the results of previous research to provide an overview and clarify the frame of thinking of a study. The following previous researches are used as a guide, basic consideration, as well as comparison for researchers in an effort to obtain a clear frame of thinking. Here is an earlier study that can be used as a reference for researchers:

Table 2.1

Previous Studies

No	Name/Title	Variable	Purpose/Aim	Research Result
1	Wilmara Roshady (2010) Analisis Pengaruh Faktor Persepsi Konsumen (Produk, Harga, Kualitas, dan Nilai) Terhadap Keputusan Pembelian.	X_1: Product attribute X_2: Price Perception X_3: Quality Perception X_4: Value Perception Y: Purchase Decision	To know the effect of product attribute, price perception, quality perception, and value perception towards purchase decision in Matahari Departement Store	a. it was found out that there is a significant influence of simultaneously consumer perception factors to consumer purchasing decision at Matahari Department Store. b. The results of hypothesis testing have proved the effect of variable X1, X2, X3, X4, to variable Y partially c. From the analysis of regression equation, the multiple regression equation was obtained.
2	Kurnia Akbar (2013) Analisis Pengaruh Harga, Citra Merek, dan Atribut Produk Terhadap Keputusan Pembelian Handphone Atau Smartphone Samsung Jenis Android.	X1: Price X2: Brand Image X3: Product Attribute Y: Purchase Decision	This research gives an information for mobile phone companies or smartphones Samsung android type to better understand the extent to which the role of price, brand image and product attributes to the decision to buy a mobile phone or smartphone Samsung type android	a. The independent variables (price, brand image and product attributes) individually have a significant influence on the dependent variable (purchase decision).
3	Widha Anggun Sulistya (2014) Analisis Pengaruh Harga, Kualitas Produk, Promosi, dan Kelompok Acuan Terhadap Pengambilan Keputusan Pembelian Handphone Android.	X_1: Price Quality X_2: Product Quality X_3: Promotion X_4: Reference Group Y: Purchase Decision	This research is expected to give positive feedbacks of product quality and price of android mobile phone to individuals involved in the group.	a. This reference group is more persuasive among the fellow and explain the advantages and advantages of the android products

No	Name/Title	Variable	Purpose/Aim	Research Result
4	Irfan Nusrul Hamdi (2014) Pengaruh Kualitas Produk dan Harga Terhadap Keputusan Pembelian Handphone Samsung.	X_1: Quality of Product X_2: Price Y: Purchase Decision	a. The writer's purpose is to know and analyze the effect of price and quality on purchase decision	a. Product quality and price. In this case the quality of the product and the price is one of the factors that form the purchase decision.
5	Ridho Rian Nugroho (2016) Pengaruh Persepsi Merek dan Kualitas Produk Terhadap Keputusan Pembelian Smartphone (Studi pada Pengguna iPhone 5s di Kota Malang)	X1: Brand Perception X2: Product Quality Y: Purchase Decision	The purpose of this study is to provide an overview of the phenomena that are present in the middle of Indonesian consumers, especially regarding brand perception and product quality to purchase decisions.	a. Based on hypothesis testing it is stated that brand perception and product quality variables have significant (simultaneously and partially) influence on decision of purchasing smartphone brand of Apple iPhone 5S in Malang City.
6	Siska Yulianda, Tati Handayani (2015) The Effect of Two Aspect- Quality Products and Consumer Psychology – Toward the Purchase Decisions of Samsung Mobile Phone.	X1: Product Quality X2: Consumer Psychology Y: Purchase Decision	The writers are interested to know more about consumer behavior on Samsung phone mobile products.	a. Partial product quality has significant influence on purchase decision, but psychological variables did not affect the consumer purchasing decision.
7	Gloria Tengor, Lotje Kawet, Sjendry Loindong (2016) Influence of Brand, Design, and Quality of Product to Purchasing Decision.	X1: Brand Product X2: Product Design X3: Product Quality Y: Purchase Decision	The writers want to prove that brand of product, product design and quality of product have an effect to purchase decision.	a. Based on the statistical analysis, it shows brand product, product design, and product quality positively effect on purchasing decision.

Table 2.1 Continued

No	Name/Title	Variable	Purpose/Aim	Research Result
8	Yuwan Julianingtias, Suharyono, Yusri Abdillah (2016) Analisis Perbandingan Produk Merek Global dan Merek Lokal Terkait Bauran Pemasaran dan Pengaruhnya Terhadap Keputusan Pembelian.	X1: Product X2: Price X3: Distribution X4: Promotion Y: Purchase Decision	This research aimed to determine the effect of the concept of the global marketing mix i.e standardization/ adaptation on local consumer purchasing decision, and investigate variable that has a dominant influence.	a. Products, Price, Distribution, and Promotion Influence Purchase Decision either simultaneously or partially. b. Promotion is found as a dominant one. c. Based on comparative analysis, the results show that there was no significant difference between the effects of Product, Price, Distribution, and Promotion on Maybelline and Wardah to the purchase decision.

Source: Primary data processed, 2017

2.9 Research Framework and Hypothesis

The frame of thinking is a conceptual model of how theory relates to various factors that have been identified as important issues. (Sekaran, 1992)

A good frame of mind will explain the theoretical link between variables to be studied. So theoretically, it needs to explain the relationship between independent and dependent variables. If in the research there are variables of moderator and intervening, then it also needs to be explained, why the variables were involved in the research. Linking between variables, then formulated into the form of research paradigm. Therefore, in every preparation of the research paradigm should be based on the framework of thinking (Sugiyono, 2010)

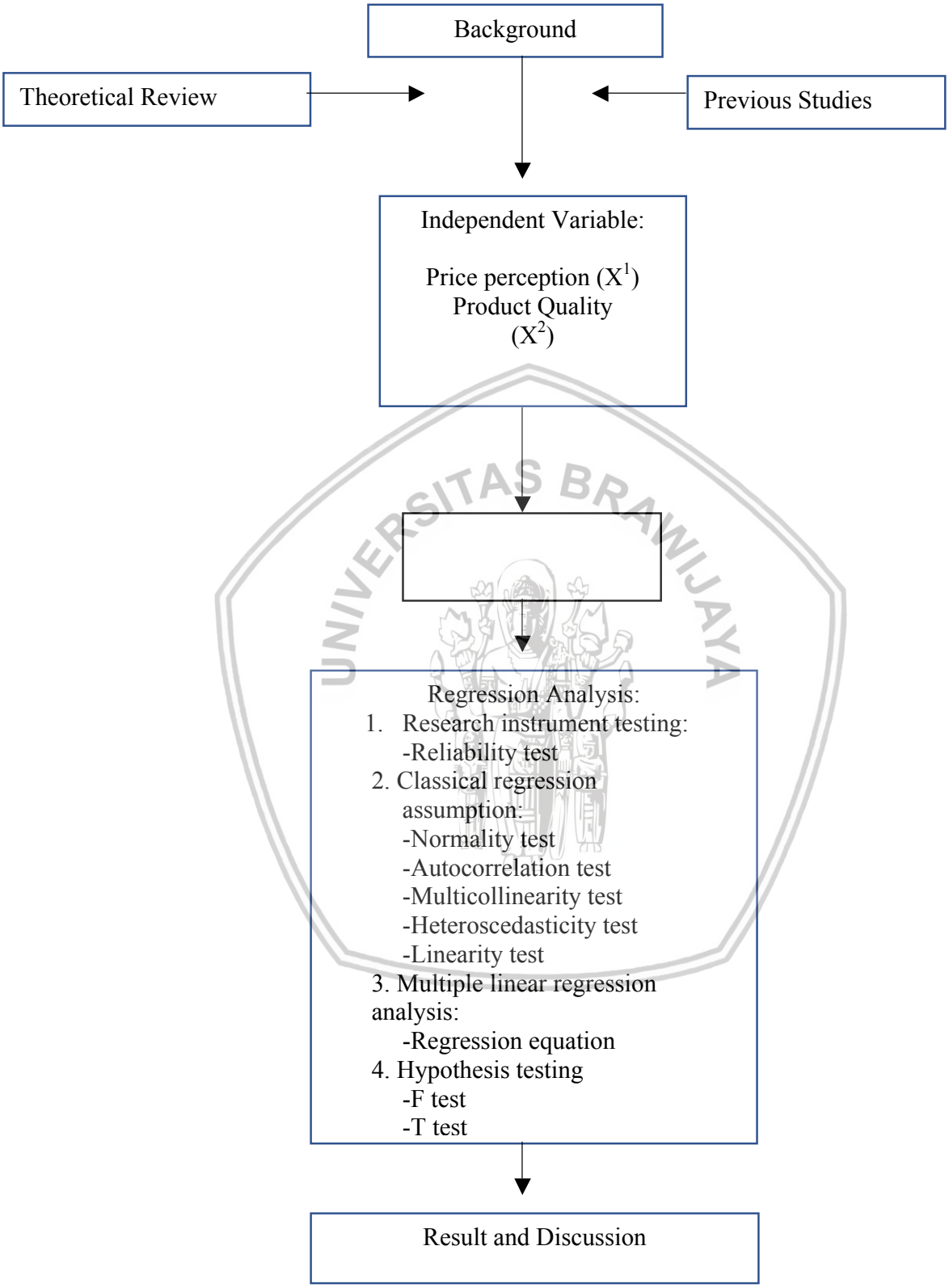
Research that uses two variables or more, is usually formulated into hypothesis which is shown by comparison or it can be related. Therefore, in

order to compile hypothesis that is related or as comparison then the framework of thinking is required.

There is a suggestion from (Suriasumantri, 1986), suggests that a researcher must master scientific theories as the basis for argumentation in formulating a framework that leads to hypotheses. This frame of mind is a temporary explanation of the symptoms that are the object of the problem (Sugiyono, 2010).

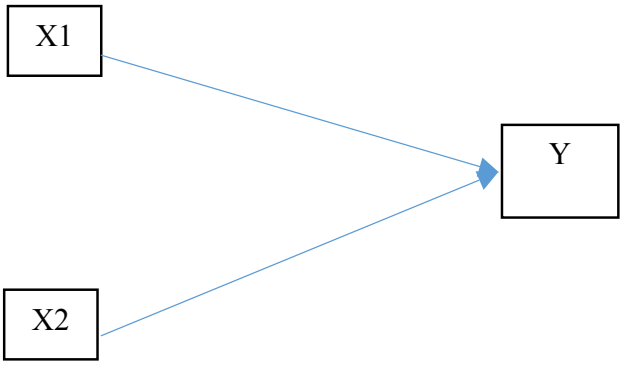
The main criterion for a framework of thought can convince fellow scientists, is the logical flow of thought in building a framework of thinking that led to the conclusion of the hypothesis. Thus, the framework of thinking is the synthesis of relationships among variables compiled from various theories that have been described. Based on the theories that have been described, then it is analyzed critically and systematically which later generate a synthesis of the relationship between variables studied. The synthesis of the relationship variables, then is used to formulate the hypothesis (Sugiyono, 2010).

Based on theoretical basis, it can be arranged a frame of thought as presented in the picture as follows:



Source: Primary data processed, 2017

Figure 2.1 Research Framework



Source: Julianingtias et. al (2016)

Figure 2.2 Hypothesis Framework

Explanation:

X1 : Price

X2 : Quality of Product

Y : Purchase Decision

The formulation of the research hypothesis is the third step in the research, after the researcher proposes the theoretical basis and framework of thinking. However, it should be noted that not every study should formulate a hypothesis. Explorative and descriptive studies often do not need to formulate hypotheses. (Suharsimi, 2010)

Hypothesis is a temporary answer to the formulation of research problems, where the formulation of research problems has been expressed in the form of a question sentence. It is said temporarily because the given answer is based on a relevant theory, not yet based on empirical facts obtained through data collection. In other way, the hypothesis can also be expressed as a theoretical answer to the formulation of research problems, not an empirical answer (Sugiyono, 2010).

Hypothesis is a temporary answer to the problem formulation in a study. It is said temporarily because the answers given are based only on relevant theories, and not yet based on the empirical facts obtained through data collection (Sugiyono, 2010). Based on the concept of existing research, the hypotheses proposed in this study are:

H_1: Price perception variable (X_1) affecting purchase decision (Y) of iPhone consumer in Faculty of Economics and Business, Brawijaya University.

H_2: Product quality (X_2) affecting purchase decision (Y) of iPhone consumer in Faculty of Economics and Business, Brawijaya University.

H_3: Product Quality gives dominance effect on Purchase decision of iPhone in Faculty of Economics and Business, Brawijaya University.

CHAPTER III

RESEARCH METHOD

3.1 Types of Research

The type of research that was carried out is included into explanatory research. Explanatory research is a study that explains the causal relationship between research variables through hypothesis test that has been formulated before, so it can know how much the contribution of independent variables to the dependent variable and the magnitude of the direction of the relationship that occurred (Singarimbun, and Effendi, 2006). At the end of this research will be used and arranged to show a relationship on the cause and effect of the dependent variable on independent variable and will be ended up by a general conclusion.

The research will be intended to know the influence of product target market which are price and quality of product variables on iPhone purchase decision

3.2 Research Location

The location of research was in Malang city, and it is specified to iPhone users of students in Faculty of Economics and Business at Brawijaya University. This location was chosen because the number of respondents found using iPhone as students was found in this faculty. iPhone is the most wanted smartphone and the customer is interested in its quality despite its high price. Based on Nielsen (2016) users of iPhone is millenneals which is aged from 18-24, that is the reason this study take place in university.

3.3 Population and Sample

3.3.1 Population

According to Sugiyono (2014) "In quantitative research, the population is defined as a generalization region consisting of: objects/subjects that have certain qualities and characteristics defined by the researcher to be studied and then drawn conclusions".

In this research, the population is devoted to iPhone users or buyers. Because the number of customers of iPhone in Faculty of economic and business cannot be predicted, so it is impossible to study the population entirely due to limited time, cost, and effort. To solve this problem, the writer took samples from the population in order to facilitate and simplify the process of research without reducing the quality of research.

3.3.2 Sample

The sample is part of the number and characteristics possessed by that population. Researchers in a study do not need to examine all the individuals in the population because it will require time, cost, and great energy, for that required the existence of samples in a study. (Sugiyono, 2012)

The sample is part of that population. The population is for example residents in certain areas, the number of employees in certain organizations, the number of teachers and teachers in certain schools and so forth. While according to Sekaran et al. (2013) sample is a subgroup or part of the population.

Determination of the sample size of this study refers to the guidelines proposed by Roscoe in Sugiyono (2012) that in multivariate studies (including multiple regression analysis), the sample size should be several times (preferably 10 times

or more) greater than the number of variables in the study. That is why in this research the writer uses 3 variables consisting of 2 independent variables that are price and quality of product and 1 dependent variable that is purchase decision.

Samples are some of the population that have relatively similar characteristics and are considered able to represent the population (Singarimbun & Effendi, 2006). The determination of the number of samples uses the formula of the number of indicators x 5 to 10 (Ferdinand, 2006)**.** Since the number of indicators used in this study is 13 then the minimum sample for this study is 130.

Obtained a sample formula based on Malhotra found calculations to be as follows:

$$n = \frac{\pi(1-\pi)z^2}{D^2}$$

$$n = \frac{0.64(1-0.64)1.96^2}{(0.1)^2}$$

$$n = 88{,}5 = 89$$

CL=95%

z value is 1.96

π=0.64

So, the number of samples obtained at least 89 respondents based on the formula of sample size determination Malhotra (2014). Based on Ferdinand (2006), it was found that the appropriate sample is between 100 - 200 samples. With reference to the formula determining the number of samples and opinions then the number of samples used in this research is 130 respondents.

3.3.3 Sampling Technique

The size of the population is not known for certain and the opportunity or opportunity for each member of the population to be chosen to be a sample is not the same, so the method used in sampling is Nonprobability Sampling.

Nonprobability sampling is a sampling technique that does not provide the same opportunity for each element (member) of the population to be elected as a member of the sample. Sugiyono (2014).

According to Malhotra (2014) Sampling technique can be classified in general are nonprobability sampling and probability sampling, nonprobability sampling depending on the researcher criteria. Nonprobability Sampling can produce good estimates of the population character. Considerations used as samples in this study are consumers who have made a purchase or are still using the iPhone and students from Faculty of Economics and Business in Brawijaya University from 2012 until 2015 batch. Those who meet these criteria and those who have bought the iPhone can be taken as respondents.

3.4 Type of Data

The intended type of data in this study is the subject from which the data is obtained. Sources of data used in this study can be broadly classified into two, namely primary and secondary data. Sources of data in this study are as follows:

3.4.1 Primary Data

Primary data is a data obtained directly from the source, and also directly collected by the researcher. This type of data directly provides data to the data collector. Primary data is a record of interviews obtained through interviews that the writers do. In addition, the writer also conducts field observations and collects questionnaire data in the form of notes about the situation and events in place. (Sugiyono, 2012)

3.4.2 Secondary Data

Secondary data is a source of data that does not provide information directly to the data collector. These secondary data can be further results of primary data presented in other forms. This data is used to support information from primary data obtained from interviews, as well as from direct field observation. (Sugiyono, 2012) The writer also used secondary data as a result of literature study. In literature study, the writer read related literature that can support this present research. Secondary data can also be obtained from economic management books and the data that have been processed by Apple Inc., some articles on the internet, and other reliable sources that have a relationship with the subject.

3.5 Data Collection Technique

The efforts to obtain primary data were done by field research method (field research) employing the following data collection techniques:

3.5.1 Questionnaire

Questionnaire is data collection techniques by giving a set of questions or written statement to respondents to answer Sugiyono (2012). Using a questionnaire, the researcher can ask questions related to information or data which is relevant to the purpose of the study. Questionnaires will be given by the researcher to iPhone consumers who meet the criteria that have been previously determined by the researcher.

3.5.2 Interview

Sugiyono (2012) has stated that the interview can be used as a data collection technique if the researcher wants to carry out a preliminary study to find the

problems to be researched, and also if the researcher wants to conduct in-depth data collection from respondents while the number of respondents slightly small.

In this research, the interview is intended to extract additional information obtained from the respondent, the company, or other parties related to this research.

3.5.3 Documentation

Documentation is data collection techniques using documents or archives owned by the parties concerned with the implementation of research whereas according to Sekaran (2006) data collection techniques use newspapers, internet, books, magazines that are relevant to the purpose of research. The documentation required in this study is an overview of the iPhone.

3.6 Variable Operational Definition

Operational variable based on Sugiyono (2012) is everything that can be formed as anything which is determined by the researcher to be studied so that it obtained information about it, then it is drawn the conclusion. Variable used in this research is independent variable.

Independent variable is a variable that can be measured, manipulated or selected by the researcher to determine its relation to a phenomenon being observed. Sarwono and Martadijera (2008). It can be concluded that the independent variable is a free variable which its existence is not affected by other variables, even this variable is a variable that can affect other variables.

Variables are varied symptoms that become the focus of a study. The variables studied should be in accordance with the problems and objectives to be achieved in this study. Variables that will be used in this research are as follows:

3.6.1 Purchase decision variable as Independent Variable

1. Price Perception (X_1)

   Price perception is a value of product that is expected by consumers so that people have perception towards the product. Price perception also shows how valuable the product is in the market by the quality shows on the product itself. The perception of price could give a huge influence to consumer before purchase the product. The following table will explain more about the Independent Variable:

Table 3.1
Price Perception Indicator

Variable	Indicator	Item	Source
Price Perception	**Price Reference**	Affordability of price	Kotler, 2009
		The existence of price competition with similar products	Kotler, 2009
	Assumption of Price and Quality	Consumer price assumption	Kotler, 2009
		The price is worth the quality	Kotler, 2009
		Price as an indicator of quality	Kotler, 2009

Source: Primary Data Processed, 2017

2. According to (Andreti, et al. 2013) these indicator to measure product quality related to a product not a service and in the product quality there are indicators shows as product quality is one of main factor why customer keep buying the product, there are three dimensions of product Durable, Features and Design:

Table 3.2

Product Quality Indicator

Variable	Item	Source
Product Quality	Durability of product	(Andreti, et al., 2013)
	Some features provided	(Andreti, et al., 2013)
	Aesthetic of product	(Andreti, et al., 2013)

Source: Primary Data Processed, 2017

3. Purchase Decision (Y), explained in each indicator that the source relates between purchase decision with expectation of the product and imagination the consumer has. Here are 5 indicator of purchase decision on product:

Table 3.3

Purchase Decision Indicator

Variable	Item	Source
Purchase Decision	Intention to buy in future	Ling, 2011
	Consideration of buying iPhone	Rio, Vazquez, & Iglesias, 2001
	Willingness to recommend to others	Ching Fu, & Yu Ying, 2008
	Product search information habit	Tom, & Kristin, 2005
	Habit of sharing information	Hyuk Jun, & Margaret, 2008

Source: Primary Data Processed, 2017

3.6.2 Purchase decision Variable on iPhone User and Customers

1. Purchase Decision (Y). According to (Setiadi, 2003), Purchase decision consists of five stages:

   (1) Recognizing the needs

   (2) Searching for information

   (3) Evaluating alternatives

(4) Buying decision

(5) Post-purchasing behavior

Table 3.4

Variable, Indicator, and Research items

Variable	Indicator	Item
Price Perception (X_1)	Price Reference	iPhone price is affordable
		Price of iPhone compete with similar products sold in Malang
	Price Assumption Over Quality	Apple offers iPhone prices fits to my assumptions
		Price of iPhone match with the benefits we get
		iPhone pricing can be referred to as an indicator of its product quality
Product Quality (X_2)	High Quality of Product	iPhone offers high quality product
	Wide Selection of Product	iPhone provides several types of product
	Condition of Product (Aesthetic)	iPhone has good condition of product
Purchase Decision (Y)	Willingness to Purchase In Future	I decide to buy an iPhone in the future
	Consideration to iPhone	I will consider the brand of iPhone before purchasing
	Willingness to Recommend	I recommend my friends to buy an iPhone
	Search for Information	I search information about iPhone from time to time
	Share Ideas of iPhone	I sometimes talk about iPhone with my friends

Source: Primary Data Processed, 2017

3.7 Measurement Scale

Measurement scale is an agreement used as a reference to determine the short length of intervals in the measuring tool, so that measuring instruments

when used in the measurement will produce quantitative data (Sugiyono, 2012).

In this research, the measurement scale used is Likert scale. Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena (Sugiyono, 2012) With the Likert scale, then the measured variable is translated into a variable indicator. Then the indicator is used as a starting point to arrange items on instrument which can be a statement or question.

For the purposes of quantitative analysis, the answers to the statements of independent variables and dependent variables on the questionnaire of this study can be scored, as follows:

Table 3.5

Measurement Scale

Choices in answer sheet	Abbreviation	Score
Strongly Disagree	SD	1
Disagree	D	2
Neutral	N	3
Agree	A	4
Strongly Agree	SA	5

Source: Sugiyono, 2012

3.8 Test Instrument Data

3.8.1 Validity Test

Validity according to (Sugiyono, 2012) shows the degree of accuracy between the actual data that occurs on the object with data that can be collected by the researcher. Based on that definition, then the validity can be interpreted as a characteristic of the size associated with the level of measurement of a test tool (questionnaire) in measuring correctly what the researcher wants to be

measured. A measuring instrument is called valid when it does what it is supposed to do by measuring what should be measured.

Validity test is done to measure the statement in the questionnaire. The validity of a data is achieved if the statement is able to express what will be disclosed. Validity test is done by correlating each statement with the number of scores for each variable. The correlation technique that the writer used is the Pearson correlation technique. To speed up and simplify this research validity testing is done with the help of computer by using software SPSS for windows.

Validity test can be achieved if there is a match between the parts of the instrument with the whole instrument section. If the probability coefficient correlation <0.05 then the measuring instrument is declared valid and if otherwise it is declared invalid.

3.8.2 Reliability Test

Reliability is the degree of consistency data in a certain time interval." (Sugiyono, 2012). Based on the above definition, then the reliability can be interpreted as a characteristic associated with accuracy, precision, and consistency. A tool is defined as reliable if in several times the implementation of measurements against the group of subjects at all obtained relatively similar results, as long as aspects that are measured in the subject has not changed. In this case, the same relative means there remains a tolerance of small differences between the results of several measurements.

Reliability test is done together on the whole item. The instrument can be said to be reliable or flexible when it has reliability coefficient of 0.60 or more (Suharsimi, 2006).

3.9 Data Analysis Method

3.9.1 Classic Assumption Test

1. Normality Test

Based on (Ghozali, 2011), "the normality test aims to test whether in the regression model the intruder or residual variable has a normal distribution". In other explanation based quotation above, normality test is conducted to determine the nature of the distribution of research data that serves to determine whether the samples taken normal or not by testing the distribution of data analyzed. There are several ways that can be used to see the normality of data in this study, namely by using the test tool, namely by using the Normality Probability Plot chart, the provisions used are:

(1). If the data spreads around the diagonal line and follows the direction of the diagonal line then the regression model meets the assumption of normality.

(2). If the data spreads far from the diagonal and/ or does not follow the direction of the diagonal line then the regression model does not meet the assumption of normality.

2. Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation between independent variables. Good regression model should not occur correlation between independent variables. The way to find out whether multicollinearity will occur is by looking at Tolerance and Variance Inflation Factor (VIP) values. (Ghozali, 2011) These two measures show which of the other independent variables are described by other independent variables. In

simple terms, each independent variable becomes the dependent variable (bound) and do the regression against other independent variables. Tolerance measures the selected independent variables that are not explained by other independent variables. So, a low Tolerance value equals a high VIF value (because VIF = 1 / Tolerance). Common cutoff values used to indicate the presence of multicollinearity are Tolerance> 0.10 or equal to VIF values.

3. Heteroscedasticity Test

Heteroscedasticity test aims to test whether in a regression model there is a variance inequality of the residual from one observation to another. If the variance of the residual from one observation to another remains fixed then it is called homoscedasticity, and if the variance is different, then it is called heteroscedasticity. A good regression model should not occur heteroscedasticity. (Ghozali, 2011)

The way to test the symptoms of heteroscedasticity is to do a Glejser test. If the probability of the correlation is greater than the expected level of significance (0.05) then homoscedasticity occurs. Otherwise, if the probability of the correlation results is smaller or equal to the expected level of significance (0.05) then there is heteroscedasticity. (Ghozali, 2011)

4. Linearity Test

Linear regression applied after correlation. The linearity test use to predict the value of variable based on the value of another variable. Predicted variable called dependent variable and the variable use to predict the other variable's value is independent variable.

5. Multiple Linear Regression Analysis

Multiple regression analysis is used by the researcher if the researcher intends to predict how the state (ups and downs) of the dependent variable (criterium), when two or more independent variables as predictor factor are manipulated (up and down in value). Thus, this analysis is used when the number of independent variables is at least 2. (Sugiyono, 2012)

That regression analysis is essentially a study of dependent variables with one or more independent variables (explanatory/free variables), in order to estimate or predict the average population or the mean value of the dependent variable based on the value of the known independent variable (Ghozali, 2011)

In this study, multiple regression is used to determine the effect of Store image, which consists of: price, product quality, decision on the purchase of consumer iPhone. Formulation of the model used is as follows:

$$Y = b1X1 + b2X2 + ...+ bnXn + e \quad (1)$$

Explanation:

Y : The value of the relationship of independent variables to the variable

b : Regression coefficient

X : Independent variable

e : Error item

Based on the multiple regression formula above, then the regression equation to be analyzed in this research are:

$$Y=b1X1 + b2X2 + e \quad (2)$$

Explanation:

Y = Purchase Decision

b = Regression Coefficient

X_1 = Price

X2 = Quality of Product

e = Error Item (Other variables are not explained)

3.10 Hypothesis Testing Technique

1. t-test

Individual Significance Test (t test) is conducted to find out whether each independent variable has a partially significant influence on the dependent variable by looking at the probability value at the $\alpha = 0.05$ level and also to know the most dominant free variable its effect on the dependent variable. (Santoso, 2003), before doing t test, then the hypothesis is determined first:

a. $H_0 = \beta 1 = 0$ means, there is no positive influence of each independent variable partially;

b. $H_a = \beta 1 \neq 0$ means, there is positive influence of each independent variable towards dependent variable partially.

The criteria for decision-making are as follow:

If $t_{test} > t_{table} = H_0$ is rejected and Ha is accepted which means that there is a significant influence of each independent variable towards dependent variable partially.

If $tc_{test} < t_{table} = H_0$ is accepted and H_a is rejected which means there is no significant influence of each independent variable towards dependent variable partially.

If sig > α (0,05), then H_0 is accepted and H_a is rejected and if sig < α (0,05), then H_0 is rejected H_a is accepted. If H_0 is rejected it means with a certain level of confidence (5%).

2. Dominant Test

According to Gujarati in (Ghozali, 2011) based on the highest standardized regression coefficient value, the dominant test can be done by looking at the regression coefficient value of each variable, where the variable having the standardized or largest regression coefficient is the most dominant variable affecting the dependent variable.

CHAPTER IV

FINDINGS AND DISCUSSION

4.1 Image of Research Object

4.1.1 Company's Logo

Source: Witnetnews.com (2017)

Figure 4.1 Apple Logo

The figure above is a logo of Apple.inc which produced an iPhone product that being used and discussed as the main object in this study. There is a story behind the logo, it represents the symbol represent urban legend it stated by the man who designed it Rob Janoff, he said it when he interviewed by CreativeBits in 2009. He only wants to show that symbol is an Apple not a cherry by taken a bite of it. Even though there are other who said a different reason why an apple used to become a logo of Apple inc, but Janoff already said it clear the reason behind it at the first place, but somehow, there are still always another story follows after that.

4.1.2 The History and The Description of Apple Inc. Company

Apple launched iPhone first in June 2007. They made a revolutionary change on communication industry as the smartphone changes the way people work and also socialize while slowly bring music industry back to life with a new way of modern lifestyle.

After Ten years, iPhone is one of the best-selling products in history, with about 1.3 billion sold, generating more than $800 billion in revenue. It skyrocketed into the business stratosphere, unlocking new markets, spawning an enormous services business and helping turn Apple into the world's most valuable publicly traded company.

But it also created huge challenges for Apple, raising the bar for innovation and turning a company that thrived on its self-image as scrappy underdog into an industry leader, with a work space more than six times than what it was. An iPhone is a huge revolutionary tool as a smartphone. Apple has made it into a lifestyle for everyone.

4.1.3 Vision, Mission, and Corporate Culture

Every unit characteristic in the company is always related to company's vision, mission and also the culture inside the company. Here are the vision, mission and also the corporate culture of Apple.

1. Vision

Vision of Apple was confronted by CEO of Apple Tim Cook. He said that Apple has vision to focus on keep innovating, also they believe in simple not the complex. They will keep creating products that will have significant contribution in technology, and everything is about focusing on what they truly want to create.

They believe in deep collaboration and cross-pollination in their groups which will allow them to innovate in a way that others cannot. More importantly, they will not settle for anything less than excellence in every group in the company.

2. Mission

Apple has mission statement that has changed over time and they are currently said the mission of Apple right now is "Apple designs Macs, the best personal computers in the world, along with OS X, iLife, iWork and professional software. Apple leads the digital music revolution with its iPods and iTunes online store. Apple has reinvented the mobile phone with its revolutionary iPhone and App store, and is defining the future of mobile media and computing devices with iPad."

3. Corporate culture

(1) Top Notch Excellence

In organizational culture, there is a policy claiming that Apple only selects the best workers which means that if the employees do not meet the expectation they will get fired directly. This habit comes from the founder of Apple, Steve Jobs. Steve always wanted the best so until now this company culture is still going under the CEO of Apple, Tim Cook. Excellence is an important factor in business especially when it is related to product design and development.

(2) Creativity

Creativity is such an important factor for every division in Apple company. Apple company highlights the importance of creativity. In order

to build a perfectness in both combination of design and development of product, the process will include high expectation of creativity.

(3) Innovation

Apple corporation is known as highly innovative in technology and Apple is appraised as one of the most innovative companies in the world. Apple organization is successful in encouraging employees to be innovative in terms of individual work and in contributing ideas into product development processes. Apple is successful in delivering a rapid innovation in technology industry.

(4) Secrecy

Steve Jobs has put a secrecy as the most important aspect in the company. This secrecy is also part of strategy in Apple corporation to cover and secure intellectual information or information property. Employees must agree to this condition when they sign the contract with Apple corporate. This culture in organization helps protecting the business from unwanted possibilities regarding to secret in company.

(5) Moderate Combativeness

Moderate combative approach has a purpose on leadership. Steve Jobs usually challenges his employee randomly to ensure they have what it takes everything at Apple. Recently under Tim Cook's leadership the combative has been changed into moderate combative and it is more sociable.

4.2 Respondents Characteristics

From the results of questionnaires distribution to 130 respondents, the researcher got the data regarding the characteristics of respondents based on age and sex. Detailed characteristics of respondents are as follows:

1. Respondents sex

   The description on respondents' characteristics based on sex can be seen on Table 4.1:

Table 4.1

The respondent's characteristic based on sex

Sex	Frequency	Percentage
Male	37	28,46
Female	93	71,54
Total	130	100

Source: Primary Data Processed, 2017

Table 4.1 shows that the number of female respondents 93 persons or 71,54%. While the rest that is 37 persons (28.46%) is male respondents. This means females more likely to use iPhone than males.

2. Respondent's Batch

   The description on respondents' characteristics based on batch can be seen on Table 4.2:

Table 4.2

Respondents' Description based on batch

Batch	Frequency	Percentage
2012	12	9.23
2013	31	23.85
2014	49	37.69
2015	38	29.23
Total	130	100

Source: Primary Data Processed, 2017

Based on Table 4.2, it is revealed that respondents belonging to 2012 batch is 12 persons (,23%) followed by respondents belonging to 2013 batch for 31 persons (23,85%), 49 persons (37.69%) of 2014 batch and the remaining 38 persons (29,23%) belong to 2015 batch.

Mostly respondents come from batch 2014, can be seen that the user of iPhone from batch 2014 is higher than others from Economic and Business Faculty, Brawijaya University.

3. Respondent's Age

The data regarding respondent's age can be seen on Table 4.3:

Table 4.3

Respondents' Description Based on age

Age	Frequency	Percentage
20	34	26.15
21	54	41.54
22	29	22.31
23	13	10.00
Total	130	100

Source: Primary Data Processed, 2017

Table 4.3 shows that the number of respondents aged 20 years old is 34 persons (26,15%), 54 (41,54%) respondents aged 21 years old, 29 persons (22,31%) aged 22 years old and the remaining 13 persons (10%) are those aged 23 years old. This means most user of iPhone is in the age of 21from student of Economic and Business Faculty, Brawijaya University.

4. Period on use iPhone

Data drafted based on the period on using iPhone can be seen in Table 4.4 below:

Tabel 4.4

Picture of Respondents Based on the period of using iPhone

Period of using iPhone	Frequency	Percentage
<6 months	13	10.00
6 months - 1 year	24	18.46
1 year - 2 years	26	20.00
> 2 years	67	51.54
Total	130	100

Source: Primary Data Processed, 2017

Based on Table 4.4, it can be seen that respondents who use iPhone <6 months as many as 13 people or 10%, respondents who use iPhone 6 months - 1 year as many as 24 people or 18.46%, using iPhone 1 years - 2 years as many as 26 people or 20%, using iPhone> 2 years as many as 67 people or 51.54%.

Most people use iPhone for more than 2 years by the highest percentage on the table, this means consumer tend to use iPhone for a long time rather than chose to change on another smartphone.

4.3 An Overview of Research variable

1. Frequency distribution of price perception Variable (X1)

Regarding price perception variable, there were 5 item questions for respondents to answer. The respondent's answer can be seen on Table 4.3

Table 4.5

The Frequency Distribution of Price Perception Variable (X_1)

Item	5		4		3		2		1		Sum		Average
	f	%	f	%	f	%	f	%	f	%	Sum	%	
X1.1	36	27.69	73	56.15	11	8.46	8	6.15	2	1.54	130	100	4.02
X1.2	47	36.15	68	52.31	10	7.69	5	3.85	0	0.00	130	100	4.21
X1.3	51	39.23	61	46.92	12	9.23	6	4.62	0	0.00	130	100	4.21
X1.4	38	29.23	68	52.31	18	13.85	5	3.85	1	0.77	130	100	4.05
X1.5	36	27.69	67	51.54	19	14.62	6	4.62	2	1.54	130	100	3.99
													4.10

Source: Primary data processed, 2017

The first item statement concerns with the affordability of price. In Table 4.5 it can be seen that from 130 respondents, there are 36 respondents (27.69%) who states strongly agree regarding the first statement, followed by those stating agree for 73 respondents (56.15%), 11 (8.46%) respondents are still doubtful, 8 respondents (6.15%) state disagree and the remaining that is 2 respondents (1.54%) state strongly disagree.

The second item concerns with the statement stating the existence of price competition with similar product. The respondents stated strongly agree is 47 respondents (36.15%), followed by those who agree for 68 respondents (52.31%), 10 respondents (7.69%) are still doubtful and the remaining 5 respondents (3.85%) state disagree. In this case, none (0%) respondent state strongly disagrees.

The third item states that consumer expectation to price same with their assumptions. The number of respondents who state strongly agree with this statement is 51 respondents (39.23%) followed by 61 respondents (46.92%) who state agree, 12 respondents (9.23%) state doubtful and the remaining 6 respondents (4.62%) state strongly disagree as much as 0 respondents or 0%. In this case, none (0%) respondent state strongly disagrees.

For the fourth item concerns with price of iPhone match with the benefits that consumer gets. Regarding this statement, 38 respondents (29.23%) state strongly agree, followed by those stating agree for 68 respondents (52.31%), 18 respondents (13.85%) state disagree, 5 respondents (3.85%) state strongly disagree and the remaining that is 1 respondent (0, 77%) state strongly disagree.

The fifth item states that iPhone price can be referred as indicator of its quality. The respondents stating strongly agree are as many as 36 respondents (27.69%), 67 respondents (51.54%) state agree, 19 respondents (14, 62%,) are still doubtful, 6 respondents (4.62%) disagree, and the remaining 2 respondents (1.54%) strongly disagree.

2. The Frequency Distribution of product quality variable (X_2)

Regarding product quality variable, there are 3 items of questions given to respondents. Respondents' answer can be seen on Table 4.4:

Table 4.6

The Frequency Distribution of Product Quality Variable (X_2)

Item	5		4		3		2		1		Total		Average
	f	%	f	%	f	%	f	%	f	%	Total	%	
X2.1	36	27.69	78	60.00	12	9.23	4	3.08	0	0.00	130	100	4.12
X2.2	34	26.15	77	59.23	8	6.15	11	8.46	0	0.00	130	100	4.03
X2.3	40	30.77	75	57.69	6	4.62	8	6.15	1	0.77	130	100	4.12
													4.09

Source: Primary data processed, 2017

In Table 4.6 it can be seen that from 130 respondents, there are 36 respondents or 27.69% who stated strongly agree about the durability of the product. it is followed by 78 respondents or 60%, who express agreement while another 12 respondents or 9.23%, state disagree and 4 respondents or 3.08%, are doubtful and none state strongly disagree.

The second item is stating iPhone provides some features. The respondents who state strongly agree are as many as34 respondents or 26.15%, followed by 77 respondents or 59.23% stating agree and the other 8 respondents or 6.15% state disagree and the remaining 11 respondents or 8.46%, state disagree. Finally, none state strongly disagree.

The third item states that iPhone has a good product condition. The number of respondents who stated strongly agree is as many as 40 respondents or 30.77%, followed by those stating agree for 75 respondents or 57.69%, 6 respondents or 4.62% are doubtful, 8 respondents or 6.15% show disagreement and the remaining 1 respondent or 0.77% states strongly disagree.

3. The Frequency Distribution Purchase Decision Variable(Y)

Regarding purchase decision variable, there are five items questions to be answered. The respondent's answer can be seen on Table 4.6:

Table 4.7

The Frequency Distribution Purchase Decision Variable(Y)

Item	5		4		3		2		1		Sum		Average
	f	%	f	%	f	%	f	%	f	%	Sum	%	
Y1	44	33.85	72	55.38	9	6.92	5	3.85	0	0.00	130	100	4.19
Y2	44	33.85	63	48.46	12	9.23	9	6.92	2	1.54	130	100	4.06
Y3	37	28.46	74	56.92	14	10.77	5	3.85	0	0.00	130	100	4.10
Y4	41	31.54	62	47.69	16	12.31	11	8.46	0	0.00	130	100	4.02
Y5	30	23.08	67	51.54	18	13.85	14	10.77	1	0.77	130	100	3.85
													4.05

Source: Primary data processed, 2017

In Table 4.7 it can be seen that from 130 respondents, there are 44 respondents or 33.85% who stated strongly agree regarding the desire to buy in the future, followed by 72 respondents or 55.38% who state agree, who expressed doubt as much as 9 respondents or 6.92% are doubtful and the remaining 5 respondents or 3.85%, state disagree. None sate strongly disagree.

For the second item that is considering the iPhone product reveals the following result. 44 respondents or 33.85%, state strongly agree, 63 respondents or 48.46%, state agree, 10 respondents or 7.69% state doubtful, 9 respondents or 6.92% disagree and those stating strongly disagree is 2 respondents or 1.54%.

For the third item is the desire in recommending the product to others reveals the following fact. 37 respondents or 28.46% state strongly, 74 respondents or 56.92% agree, 16 respondents or 12, 31%, are doubtful, 5 respondents or 3.85% disagree, and none state strongly disagree.

For the fourth item concerns with the statement stating the time used to look for information about the iPhone from time to time. It can be seen that the respondents stated strongly agree are as many as 41 respondents or 31.54%, those stating agree are as many as 62 respondents or 47.69%, 16 respondents or 12.31% are doubt, 11 respondents or 8.46% disagree, and none state strongly disagree.

For the fifth item of information sharing habits reveals the following finding. 30 respondents or 23.08% strongly agree, 67 respondents or 51.54% agree, 18 respondents or 13.85% are doubtful, 14 respondents or 10.77% disagree and the remaining that is 1 respondent or 0.77% state strongly disagree.

4.4 Research Instrument Testing

The questionnaire in this study is used as an analytical tool. Therefore, in the analysis, it is conducted more on the score of respondents in each observation. Meanwhile, whether or not the response score depends on data collection. Good data collection instruments must meet two important requirements that are valid and reliable.

1. Validity Testing

Validity testing is needed in researches for those using questionnaires in obtaining data. Testing validity is intended to know the validity of understanding the validity of the concept and empirical reality. Validity test is a measurement that shows the validity and validity levels of an instrument. An instrument is said

to be valid if it is able to measure what it wants to be measured or it can reveal data from the variable being studied appropriately. The high validity of the instrument indicates the extent to which the data collected does not deviate from the description of the variable in question. Validity testing can be done by correlating each factor or variable with the total factor or variable by using correlation (r) product moment. The test criteria for accepting or rejecting the hypothesis of a valid statement or not can be done by:

H0: r = 0, there is no valid data on the level of trust (α) 5%.

H1: r ≠ 0, there is valid data on the level of trust (α) 5%.

The null hypothesis (H0) is accepted when r arithmetic <r table, or vice versa alternative hypothesis (H1) is accepted when r test> r table. Validity testing conducted by SPSS ver program. 20.0 by using product moment correlation produces value of each item statement with score item of question in detail below:

Table 4.8

Variable validity testing

item	r test	sig.	r table	Note
X1.1	0.702	0.000	0.3	Valid
X1.2	0.755	0.000	0.3	Valid
X1.3	0.751	0.000	0.3	Valid
X1.4	0.804	0.000	0.3	Valid
X1.5	0.762	0.000	0.3	Valid
X1.6	0.738	0.000	0.3	Valid
X2.1	0.818	0.000	0.3	Valid
X2.2	0.836	0.000	0.3	Valid
X2.3	0.769	0.000	0.3	Valid
Y1	0.734	0.000	0.3	Valid
Y2	0.754	0.000	0.3	Valid
Y3	0.792	0.000	0.3	Valid
Y4	0.817	0.000	0.3	Valid
Y5	0.702	0.000	0.3	Valid

Source: Primary data processed, 2017

From Table 4.8 above can be seen that the value of sig. r question item is smaller than 0.05 (α = 0.05) which means that each variable item is valid, so it can be concluded that the items can be used to measure the research variables.

4.4.1 Reliability Testing

Reliability test shows the level of stability, stability and accuracy of a measuring instrument or test used to determine the extent to which the measurement is relatively consistent when re-measured. This test is used to determine the extent to which a person's answers are consistent or stable over time. Arikunto explained about the reliability as follows:

"Reliability shows in a sense that an instrument is quite reliable to be used as a data collection tool because the instrument is good"

Reliability testing technique is to use coefficient value of alpha reliability. Criteria of decision-making is if the value of the coefficient of alpha reliability greater than 0.6 then the variable is reliable (reliable).

Table 4.9
Reliability testing Variable

No.	Variable	Cronbarch's Alpha	Note
1	Price perception (X1)	0,809	Reliable
2	Product quality (X2)	0,715	Reliable
3	Purchase decision (Y)	0,828	Reliable

Source: Primary data processed, 2017

From Table 4.9 it is known that the value of Cronbach alpha for all variables is greater than 0.6. From the previously mentioned provisions, all the variables used for research are reliable.

4.5 Classical Regression Assumptions

These classical assumptions must be tested to meet the use of multiple linear regression. After multiple regression calculations are performed through the SPSS for Windows tool, a classical regression assumption test is performed. Test results are presented as follows:

4.5.1 Normality Test

This test is performed to determine whether the residual value is normally or not normally distributed. The test procedure is performed by Kolmogorov-Smirnov test, with the following conditions:

Hypothesis used:

H0: residual is spread normally

H1: residual is not normally spread

If the value is sig. (p-value)> then H0 is accepted which means normality is fulfilled.

Normality test results can be seen in Table 4.10

Table 4.10

Normality test result

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		130
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	2.07431614
Most Extreme Differences	Absolute	.112
	Positive	.062
	Negative	-.112
Kolmogorov-Smirnov Z		1.278
Asymp. Sig. (2-tailed)		.076

a. Test distribution is Normal.

b. Calculated from data.

Source: Primary data processed, 2017

From the calculation results the sig. Value obtained is 0.076 (can be seen in Table 4.9) or greater than 0.05; then the provision H0 is accepted the assumption of normality. When the result of normality test is normal researcher can start to test the respond from respondents.

4.5.2 Autocorrelation Test

This autocorrelation test is to know the correlation between timing sorted (as in time series) or space (as in cross section data). In the regression context, the classical linear regression model assumes that there is no autocorrelation in the remainder (). This shows that the classical model assumes that the associated elements associated with observations are not influenced by the remains associated with any other observations

This test can be performed using the Durbin-Watson test (DW-test). The hypothesis underlying the test is:

(there is no autocorrelation between the rest)

(there is autocorrelation between the rest)

The Durbin-Watson statistics are formulated by d statistics, ie:

$$d = \frac{\sum (e_t - e_{t-1})^2}{\sum e^2} \qquad (1)$$

Many observations on the statistical pointers d are n - 1 because one observation is lost in obtaining a consecutive distinction.

The Durbin-Watson test procedure is as follows:

1. Using the Smallest Squares (MKT) method, calculate the regression coefficient, then find ei.

2. Using the formula above the statistical calculus d

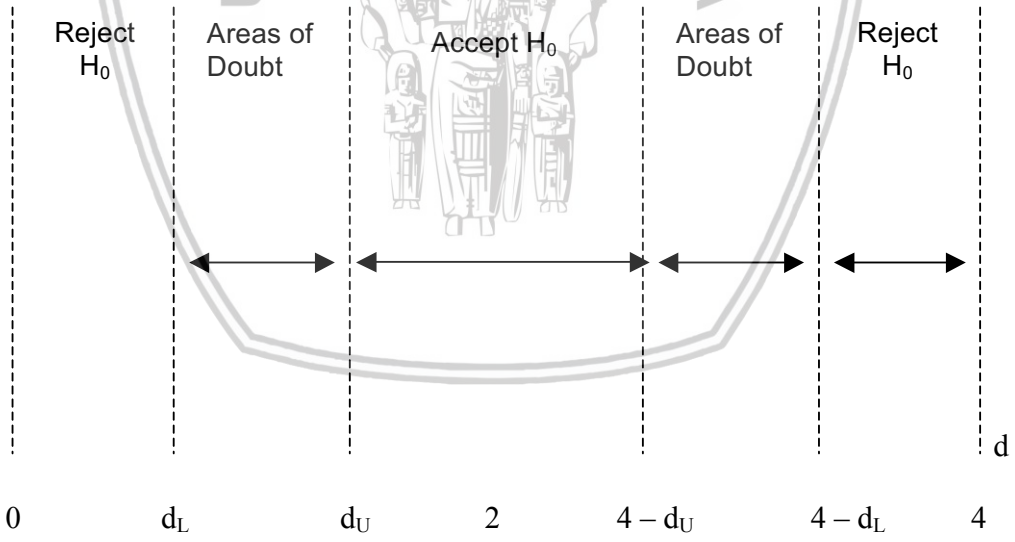
3. Based on the number of observations and explanatory variables, the critical values dL and dU is determined

4. Apply the decision rule:

(1). If d <dL or d> (4 - dL), then H0 is rejected, which means there is autocorrelation to the rest.

(2). If dU <d <(4 - dU), then H0 is received, meaning there is no inter-angle autocorrelation.

(3). However, if dL <d <dU or (4 - dU) <d <(4 - dL), the Durbin-Watson test does not produce an inconclusive conclusion. For these values, it cannot (at any given level of significance) be concluded whether there is an autocorrelation between the disturbance factors.



Source: Primary data processed, 2017

Figure 4.2

Durbin Watson test

Note:

d_U = Durbin-Watson Upper (upper limit from Durbin-Watson table)

d_L = Durbin-Watson Lower (lower limit from Durbin-Watson table)

From the Durbin-Watson table for n = 130 and k = 2 (is the number of independent variables) is known that the du values of 1,736 and 4-du are 2,264. Autocorrelation test results can be seen in Table 4.10

Table 4.10

Autocorrelation Test Result

Model	Durbin-Watson
1	2,116

Source: primary data processed, 2017

From Table 4.10 it is known that Durbin Watson test value of 2,116 is located between 1736 and 2264. So, it can be concluded that the assumption of no autocorrelation has been fulfilled.

4.5.3 Multicollinearity Test

Multicollinearity test is done to know if there is no strong relationship or if there is no perfect linear relationship or it can be said that between independent variables are not related. The way of testing is to compare the Tolerance values obtained from multiple regression calculations, if the tolerance value <0.1 then the multicollinearity occurs. Multicollinearity test results can be seen in Table 4.11.

Table 4.11

Test Result Multicollinearities

Independent variable	Collinearity Statistics	
	Tolerance	VIF
X1	0.561	1.783
X2	0.561	1.783

Source: Primary data processed, 2017

Based on Table 4.11, the following is the test results from each independent variable:

- Tolerance for Price perception is 0.561
- Tolerance for Product Quality is 0.561

In the test results the overall tolerance value obtained is > 0.1 so it can be concluded that there is no multicollinearity between independent variables.

Multicollinearity test can also be done by comparing the value of VIF (Variance Inflation Factor) with number 10. If the value of VIF> 10 then there is multicollinearity. The following is the test results of each independent variable:

- VIF for the Price Perception is 1,783
- VIF for Product Quality is 1,783

From the test results, it can be concluded that there is no multicollinearity between independent variables. Thus, the assumption test of the absence of multicollinearity can be fulfilled.

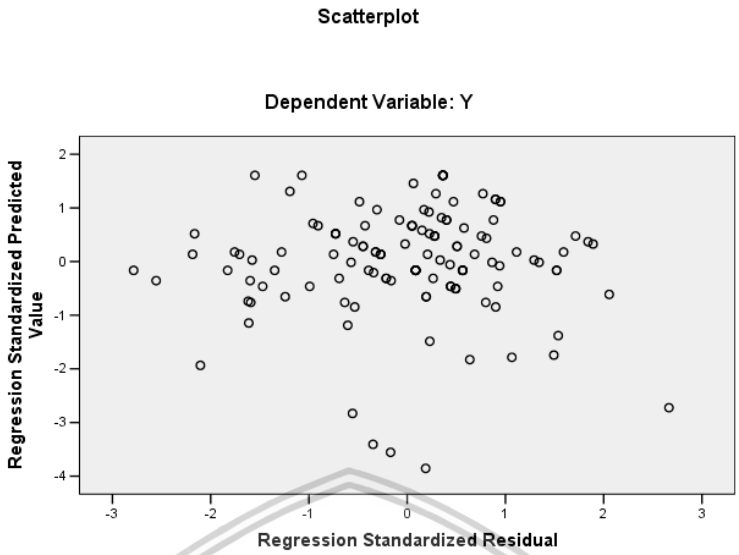
4.5.4 Heteroscedasticity testing

Heteroskedastic test is used to find out whether there is inequality of residual deviation value due to the small value of one of the independent variables or if there is a difference in the value of variety with the increasing value of independent variables. The test procedure is performed by scatter plot test. Testing homogeneity of the remaining variety is based on the hypothesis:

H0: homogeneous residual variety

H1: the variety of non-homogeneous remains

The results of heteroskedastic test can be seen in Figure 4.1.



Source: Primary data processed, 2017

Figure 4.1 Heteroscedasticity Testing

From the test results the scatterplot displays diagram spread and do not form a certain pattern hence there is no heteroscedasticity, so it can be concluded that the residual has a homogeneous variety (constant) or in other words there is no symptoms of heteroscedasticity.

With all the classical assumptions of the above regression, it can be said that the multiple linear regression model used in this research is feasible or appropriate. So that it can be taken into interpretation of the results of multiple regression analysis that has been done.

4.5.5 Linearity Test

The data linearity refers to the observed residual standard values and the expected residual values form a line that does not scatter away from the regression line. The data linearity test is performed by data analysis in the form of normal probability plot for standard residuals. With this analysis technique can be known how far the value of observations Y associated with a certain X value normal distribution around Y prediction and form a linear line. In addition, to test the linearity

statistic t is used, with note if p ≥ 0.05, then the data is considered linear, or if the value of p <0.05, then the data is not linear distributed.

Table 4.13

Linearity test

Variable	Sig.	Note
X1 – Y	0.000	Linear
X2 – Y	0.000	Linear

Source: Primary Data Processed, 2017

4.6 Multiple Linear Regression Analysis

Regression analysis is used to calculate the magnitude of influence between independent variables, namely Price Perception (X1) and Product Quality (X2) to the dependent variable that is Purchase Decision (Y).

4.6.1 Regression Equation

Regression equation is used to know the form of relationship between independent variable with dependent variable. By using the help of SPSS for Windows over 20.00 the regression model obtained is presented on Table 4.12:

Table 4.12

Regression Result Recapitulation

Dependent variable	Independent variable	(Standardized Coefficients) Beta	t compt	Sig.	Adjusted R Square	Note
Purchase decision (Y)	Constanta		1.585	0.116		
	X1	0.354	4.671	0.000	0.585	Significant
	X2	0.488	6.442	0.000	0.585	Significant

Source: Primary data processed, 2017

Regression model used is standardized regression, because the data used in this study is interval data measurement using Likert scale. Likert scale is used to measure attitudes, opinions and perceptions of a person or group. In standardized

regression, the size of the variables or the size of the answer has been equated. The regression equation obtained based on Table 4.12 is as follows:

$Y = b1X1 + b2X2 + e$

$Y = 0.354\ X1 + 0.488\ X2$

From the above equation, it can be interpreted as follows:

- Purchase Decision Significantly affects by Price Perception. So, if the price perception understanding is high, then the Purchase Decision is followed.
- Secondly, Purchase Decision also significantly affects by Product Quality. It shown on the Table 4.12 that higher the Quality of the Product the more it effects consumer's decision.

Also, to know the contribution of independent variable (Price Perception (X1) and Product Quality (X2)) to dependent variable (Purchase Decision) r^2 value is used as described on Table 4.12.

Coefficient of determination is used to calculate the magnitude of influence or contribution of independent variables to the dependent variable. From the analysis in Table 4.12 the results adjusted R (coefficient of determination) shows Purchase Decision variable will be influenced by independent variables, namely Price Perception and Product Quality.

4.6.2 Hypothesis Testing

Hypothesis testing is an important part of the research. Once the data is collected and processed, its main purpose is to answer the hypothesis made by the researcher.

4.6.2.1 Hypothesis I (F test / Simultaneous)

F test or model testing is used to determine whether the results of the regression analysis is significant or not. In other words, the model is suspected to be appropriate or inappropriate. If the result is significant, then H0 is rejected and H1 is accepted. Whereas if the result is not significant, then H0 is accepted and H1 is rejected. It can also be said as follows:

H0 is rejected if F count> F table

H0 is accepted if F arithmetic <F table

Table 4.14
F Test/simultaneous

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	804.017	2	402.009	91.981	0.000
Residual	555.060	127	4.371		
Total	1359.077	129			

Source: Primary data processed, 2017

Based on Table 4.14, the value of F count is 91,981 while F table (α = 0.05; db regression = 2: residual db = 127) is 3.068. Because F arithmetic> F table is 91,981> 3,068 or sig F value (0,000) <α = 0.05 then regression analysis model is significant. This means that H0 is rejected and H1 is accepted so it can be concluded that the dependent variable (Purchase Decision) can be influenced significantly by the independent variable (Price Perception (X1), Product Quality (X2).

4.6.2.2 Hypothesis II (t test / Partial)

T test is used to find out whether each of the independent variables partially have a significant influence on the dependent variable. It can also be said if t arithmetic> t table or-t arithmetic <-t table then the result is significant and it

mean that H0 is rejected and H1 is accepted. On the other hand, if t arithmetic <t table or-t arithmetic> -t table then the result is not significant and it means H0 is accepted and H1 is rejected. The result of t test can be seen on Table 4.15.

Table 4.15

t-Test Result / Partial

Dependent variable	Independent variable	t compt	t Table	Sig.	note
Purchase decision (Y)	X1	4.671	1.979	0.000	Significant
	X2	6.442	1.979	0.000	Significant

Source: Primary data processed, 2017

Based on Table 4:15, the results obtained are as follow:

- t test between X1 (Price Perception) with Y (Purchase Decision) shows t count = 4.671 while t table (α = 0.05; db residual = 127) is equal to 1,979. Because t arithmetic> t table is 4.671> 1.979 or sig t value (0,000) <α = 0.05 then the effect of X1 (Price Perception) on Purchase Decision is significant. This means that H0 is rejected and H1 is accepted so it can be concluded that Purchase Decision can be significantly affected by Price Perception or by increasing Price Perception then Purchase Decision can be increased significantly.
- t test between X2 (Product Quality) with Y (Purchase Decision) shows t count = 6,442 while, t table (α = 0.05; db residual = 127) is equal to 1,979. Because t count> t table is 6.442> 1.979 or sig t value (0,000) <α = 0.05 then the effect of X2 (Product Quality) on Purchase Decision is significant at alpha 5%. This means that H0 is rejected and H1is accepted so that it can be concluded that purchase Decision can be influenced significantly by Product Quality or by improving Product Quality hence Purchase decision has increased significantly.

From the overall results, it can be concluded that the independent variable has a significant influence on the purchase decision simultaneously and partially. From here it can be seen that the two independent variables giving the most dominant effect on Purchase Decision is Product Quality because it has the largest value of coefficient beta and t count.

4.7 Discussion

This section explains the relation between findings in this research with journals or other previous studies in order to support the statement that has been stated. The explanation is as follows.

4.7.1 The Effect of Price Perception and Product Quality on Purchase Decision

The results of this study indicate a significant influence of price perception variable (X_1) on purchasing decisions (Y) on iPhone products. Price perception is a major factor in influencing purchasing decisions (Li, 2010). The results of this study, is in line with the research of Kurnia Akbar (2013) which states that there is a significant influence of price variables affecting purchasing decisions. This is also supported by research result by Irfan Nusrul (2014) explaining in more detail about the variable of product quality and price variable which is included in the factor influencing purchasing decisions. From the analysis, it can be seen that price can be seen as motivational force that influence customer to go for making purchase decision. According to the result of the test, it is shown that the effect which the price of the purchase decision is dominant as the other variable discussed in this study, product quality. Regardless the high price of the iPhone,

the respondents as seen from the test result still keep the price as one of the variable they use for decision making.

The results of this study indicate that product quality affects significantly or positively to the purchase decision. In the study by Gloria et al. (2016) it was stated that the results of statistical analysis show the quality of the product positively influence the purchase decision, and this is in line with the results of a study conducted by Ridho Rian (2016) in his research which investigated iPhone 5s products in Malang city that showed that there is influence which is significant from product quality and brand perception toward purchase decision variables. Resilience to the product is one of the most important aspects after the price on the factors affecting consumer purchasing decisions. Gloria et al. (2016) explains that the product, product design, and product quality positively effect on purchasing decision the same with Yuwan et al. (2016) that came with the result of products, price perception, distribution, and promotion of influence purchase decision either simultaneously or partially then based on comparative analysis on the result of research there is no significant difference between the product and price on the purchase decision. Normally product quality is tested in t test.

This may happen because the iPhone product prove that they have a good quality of product as explained on Time Magazine by Tim (2012) as besides having geniuses in design, software and retail, Apple inc also has the cash to invent components, manufacturing processes and things like that, which almost makes it impossible for the competition to make any real headway against Apple. The Apple Product Quality is not just their design, but also their components which could make them always excellent more than other mobile phone product

besides their high price. Some consumer considers the price given by the iPhone fairly reasonable because the quality of the product is reliable, unlike the other smart phones that have a price same as the iPhone, some people consider that the price is too pricy for them.

4.7.2 The Dominant Variable that effecting Purchase Decision

As explained on Table 4.12 the table shows that Product quality is the dominant variable which effecting purchase decision more than Price Perception. The Table 4.12 shows

assumption another variable is considered constant. The product gives the sense that with the quality of the product have an impact on the increase in the purchasing decision. This result contrary with the Sipayung, and Sinaga (2017) that found the marketing mix more effecting than Product Quality on Purchasing Decision.

This may be occurred because people tend to choose the mobile phone having a good quality of product, and more aware with it rather than the price they faced. The effect of price perception is lower than product quality because most customers pay attention to the quality of product they are going to buy. As explain on chapter 4, the effect of product quality becoming a dominant factor. This findings in line with the previous study of Yulianda, and Handayani, (2015), which found that price perception and product quality was influence purchase decision. This finding rejected the result of Sulistya (2014), Hamdi (2014), Julianingtias, et al. (2016) which stated other factors like reference group, price and promotion is the dominant factor that affecting purchase decision of customer.

This may happen because the other factors that are not explained in this study have a strong effect towards Purchase Decision.

CHAPTER V
CONCLUSSION AND SUGGESSION

5.1. Conclusion

The main purpose of this research is the researcher wants to know about the effect of Price Perception and Product Quality towards consumers behavior on making purchase decision of brand-new iPhone product. As been explained more about the statistical result in chapter 4, these are the conclusion:

1. There is a relationship between price perception and product quality towards purchase decision. Those two-influence purchase decision when customer wants to buy an iPhone based on student Economic and Business Faculty, Brawijaya University.
2. This study found the dominant variable that effecting the purchase decision is Product Quality.

5.2 Implication

5.2.1 Theoretical implications

In a study conducted under the title "The influence of price perception and product quality on purchasing decisions (study on brand new iPhone)"

there is influence between variable perception of price and product quality to decision of purchasing iPhone in Malang. It is supported by simultaneous test calculation or F test. F test mentioned that Price Perception and Product Quality are factors considered by consumers before making an iPhone purchase. The result of research indicate that product quality factor is more dominant influence to purchasing decision based on TEST. Product quality is very supportive of the

business of iPhone due to the suitability of product usage quality to meet the needs and satisfaction of the company's consumers. This is in accordance with the theory and research that has been done before.

5.2.2 Practical implications

From the results of research that has been done with the title "The Effect of Price Perception and Product Quality on Purchase Decision" shows the quality of the product and price perception have a positive influence in Purchasing Decision. The results showed that product quality is more dominant influence Purchasing Decision of iPhone. Therefore, iPhone expected to continue to innovate in improving product quality in order to increase sales of iPhone.

According to Griffin (2007) Quality is the features and characteristics of a product or service as a whole that centered on the ability of the product or service in meeting the needs that have been stated or implied. Keller (2009) who suggests that product quality, customer satisfaction, and corporate profitability are three things that are closely related. The higher the quality level, the higher the level of customer satisfaction generated, which supports higher prices and (often) lower costs.

5.3 Suggestion and Limitation

Limitation in this research when faced to spreading questionnaire to respondents are likely have trouble due to respondents could not meet face to face one by one, so researcher use online survey to gather the respond to the questionnaire. Another limitation in this research that researcher examine only type of iPhone user respondent in Brawijaya University which result of this study might not the same with another countries or cities.

Based on the above conclusions, can be put forward some suggestions that are expected to benefit the company and for other parties. The advice given, among others:

1. It is expected that the company can maintain the durability of goods, existing facilities and aesthetic designs that make the iPhone look simple and exclusive and improve service to Product Quality, because variable Product Quality has a dominant influence in influencing Decision Purchase, Purchases will increase.
2. Given the independent variables in this study is very important in influencing the Purchase Decision is expected the results of this study can be used as a reference for further researchers to develop this study by considering other variables that are other variables outside the variables that have been included in this study and also for further study in other cities.